

TOWNSHIP OF BANGOR
VAN BUREN COUNTY, MICHIGAN
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2007

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Bangor Township	County Van Buren County
Fiscal Year End March 31, 2007	Opinion Date August 10, 2007	Date Audit Report Submitted to State August 31, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

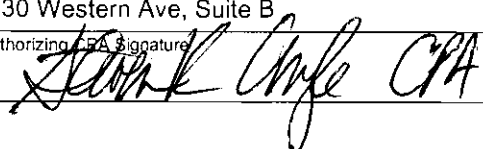
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Angle & Steffes, P.C.		Telephone Number 269-686-9050	
Street Address 430 Western Ave, Suite B		City Allegan	State MI
		Zip 49010	
Authorizing CPA Signature 		Printed Name Steven K. Angle, CPA	License Number 14653

TOWNSHIP OF BANGOR

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INDEPENDENT AUDITOR'S REPORT

August 10, 2007

To the Township Board
Township of Bangor
VanBuren County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Bangor, VanBuren County, Michigan as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Bangor Township, VanBuren County, Michigan management. Our responsibility is to express an opinion on these financial statements based on our audit.

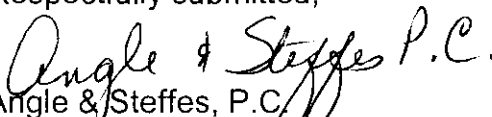
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Bangor as of March 31, 2007, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis- for State and Local Governments, as of March 31, 2003.

The management's discussion and analysis and budgetary comparison information on pages 2 through 3 and 19 through 21 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,


Angle & Steffes, P.C.
Certified Public Accountants

Management's Discussion and Analysis Bangor Township, Van Buren County

The Township as a Whole

The Township's combined net assets for the year ending March 31, 2007 totaled \$927 thousand. While the tax base of the Township advances due to continued building in the area, revenues obtained from the state in the form of revenue sharing continue to decrease slightly each year.

Because of the uncertainty of State revenue sharing during the course of the year the Board of Trustees took the position we should carefully prioritize capital asset expenditures. Our goal is to continue to fund services benefiting the public at the same or increased levels. The fact that the board is very selective and frugal helps promote the health of the fund balance.

Given the fact that revenue sharing hasn't, to date, decreased more than it has and given the fact that TV (taxable value) is increasing and the Board of Trustees keep a restrained approach to low priority capital asset expenditures and given the level of unrestricted reserve fund assets (\$571.3 thousand), the Township's net assets remain healthy.

Government Activities

The Township's total governmental revenues increased by approximately \$51 thousand over the previous year. This was due to increases in rental income, interest income, a state grant and tax collection. The interest income helped to offset the decrease in State revenue sharing.

Expenses increased by approximately \$7.9 thousand over the previous year. This was primarily due to increased spending on roads. The total expenses of the Township remained below revenues.

The Township's Funds

This report includes an analysis of the Township's major funds. The fund financial statements provide detailed information about the significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2007-2008 include the General Fund, Road Fund, and Fire Fund.

The General Fund represents the Township's unrestricted fund and is used to provide most of the Township's services and provides for the Township's day to day operation.

The Road Fund is a restricted fund which tracks revenues obtained from taxes collected from road millage. These funds may only be used for the maintenance and improvement of roads within the Township.

The Fire Fund is a restricted fund which tracks revenues obtained from taxes collected from fire millage. These funds may only be used to provide fire protection and ambulance services within the Township.

General Fund Budgetary Highlights

Over the course of the year, the Township Board amended the budget to take into account events during the year. The most significant variance with the amended budget falls in the area of State aid which shows a shortfall of \$5.4 thousand. This is a result of the alarming state economy.

Capital Asset and Debt Administration

At the end of the 2006-2007 fiscal year, the Township had \$190 thousand in a wide range of net capital assets including buildings, office equipment, and furnishings. The Township also expended funds on park improvements at the Black River property which included a walkway, signs and a boat launch area. In addition, the Township has invested significantly in roads within the Township. These assets are not reported in the Township's financial statements because of Michigan law which makes these roads the property of the Van Buren County Road Commission.

Also it should be noted that the Township as an entity in the ABB Fire Department and also in accordance with the ABB Fire Department agreement holds a share of the assets of the ABB Fire Department should the Department be dissolved. As long as this Township remains an entity of the ABB Fire Department then all assets remain ABB's and are reported on their audit.

The Township has no long term debt liabilities.

Economic Factors and Next Year's Budgets and Rates

The 2007-2008 budget calls for tax rates to be levied at the maximum after Headlee rollbacks. The Board of Trustees also committed through the budget to a millage rate of 2.5 for fire and ambulance and fund the remaining obligation for fire protection service from the general fund.

Hopefully the economy will improve and revenue sharing funds will be restored. With a healthy reserve fund balance and a watchful eye on the budget the Township should fare well and still provide necessary services.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Clerk's office.

TOWNSHIP OF BANGOR
GOVERNMENT WIDE STATEMENT OF NET ASSETS
MARCH 31, 2007

	Primary Government	
	Governmental Activities	Total
ASSETS		
Cash and cash equivalents	\$ 678,459	\$ 678,459
Investments	0	0
Receivables - net	235,970	235,970
Prepays	4,986	4,986
Capital assets - net	189,558	189,558
Total Assets	<u>1,108,973</u>	<u>1,108,973</u>
LIABILITIES		
Accounts payable	14,070	14,070
Accrued and other liabilities	167,931	167,931
Noncurrent Liabilities		
Due within one year	0	0
Due in more than one year	0	0
Total Liabilities	<u>182,001</u>	<u>182,001</u>
NET ASSETS		
Invested in Capital Assets		
Net of related debt	189,558	189,558
Restricted For		
Cemetery care	1,000	1,000
Streets and highways	165,142	165,142
Public safety	0	0
Unrestricted	571,272	571,272
Total Net Assets	<u>\$ 926,972</u>	<u>\$ 926,972</u>

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF BANGOR
GOVERNMENT WIDE STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2007

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets		
					Governmental Activities	Business-Type Activities	Primary Government Total
Primary Government							
General government	\$ 114,956	\$ 2,615	\$ 0	\$ 4,839	\$ (107,502)	\$ 0	\$ (107,502)
Public safety	162,289	13,499	0	0	(148,790)	0	(148,790)
Public works	258,371	1,254	0	0	(257,117)	0	(257,117)
Health and welfare	31,456	0	0	0	(31,456)	0	(31,456)
Recreation and culture	3,000	0	0	0	(3,000)	0	(3,000)
Community/Economic development	1,045	0	0	0	(1,045)	0	(1,045)
Total Governmental Activities	571,117	17,368	0	4,839	(548,910)	0	(548,910)
Total Primary Government	\$ 571,117	\$ 17,368	\$ 0	\$ 4,839	(548,910)	0	(548,910)
General Revenues							
Property taxes					398,379	0	398,379
State revenues					174,566	0	174,566
Unrestricted investment earnings					20,226	0	20,226
Rents					10,963	0	10,963
Miscellaneous					307	0	307
Transfers					0	0	0
Total General Revenues-Special Items and Transfers					604,441	0	604,441
Change in Net Assets					55,531	0	55,531
Net Assets-Beginning					871,441	0	871,441
Net Assets-Ending					\$ 926,972	\$ 0	\$ 926,972

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF BANGOR
GOVERNMENTAL FUND BALANCE SHEET
March 31, 2007

	General Fund	Road Fund	Fire Fund	Non-Major Governmental Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 677,459	\$ 0	\$ 0	\$ 1,000	\$ 678,459
Investments	0	0	0	0	0
Receivables - net	32,270	18,800	15,381	3,416	69,867
Due from other funds	12,339	153,376	388	0	166,103
Prepays	4,986	0	0	0	4,986
Total Assets	727,054	172,176	15,769	4,416	919,415
LIABILITIES					
Accounts payable	2,018	0	9,916	2,136	14,070
Due to other funds	153,764	7,034	5,853	1,280	167,931
Total Liabilities	155,782	7,034	15,769	3,416	182,001
FUND BALANCES					
Reserved for					
Cemetery care	0	0	0	1,000	1,000
Road projects	0	165,142	0	0	165,142
Public safety	0	0	0	0	0
Unreserved	571,272	0	0	0	571,272
Total Fund Balances	\$ 571,272	\$ 165,142	\$ 0	\$ 1,000	737,414

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.

Net Assets of Governmental Activities

\$ 926,972

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF BANGOR
GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
March 31, 2007

	General Fund	Road Fund	Fire Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Taxes and penalties	\$ 66,881	\$ 165,532	\$ 135,729	\$ 30,237	\$ 398,379
Licenses and permits	2,264	0	0	11,235	13,499
State aid	170,992	3,574	0	0	174,566
Charges for services	3,869	0	0	0	3,869
Interest and rentals	31,189	0	0	0	31,189
Grant revenue for capital outlay	4,839	0	0	0	4,839
Other revenue	307	0	0	0	307
Total Revenues	280,341	169,106	135,729	41,472	626,648
Expenditures					
Current					
General government	107,585	0	0	0	107,585
Public safety	0	0	142,820	19,469	162,289
Public works	32,122	226,249	0	0	258,371
Health and welfare	500	0	0	30,956	31,456
Recreation and cultural	3,000	0	0	0	3,000
Community/Economic development	1,045	0	0	0	1,045
Capital outlay	11,820	0	0	0	11,820
Total Expenditures	156,072	226,249	142,820	50,425	575,566
Excess of Revenues Over (Under) Expenditures	124,269	(57,143)	(7,091)	(8,953)	51,082
Other Financing Sources (Uses)					
Transfers in	0	37,741	7,091	8,953	53,785
Transfers (out)	(53,785)	0	0	0	(53,785)
Total Other Financing Sources (Uses)	(53,785)	37,741	7,091	8,953	0
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	70,484	(19,402)	0	0	51,082
Fund Balance-April 1, 2006	500,788	184,544	0	1,000	686,332
Fund Balance-March 31, 2007	\$ 571,272	\$ 165,142	\$ 0	\$ 1,000	\$ 737,414

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF BANGOR
FIDUCIARY FUNDS-STATEMENT OF NET ASSETS
MARCH 31, 2007

	<u>Agency Fund (Property Tax Collection Fund)</u>
ASSETS	
Cash and cash equivalents	\$ 6,471
Due from other governmental units	3,638
Due from other funds	<u>14,165</u>
Total Assets	<u>\$ 24,274</u>
LIABILITIES	
Accounts payable	\$ 0
Due to other governmental units	11,935
Due to other funds	<u>12,339</u>
Total Liabilities	<u>\$ 24,274</u>

The Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF BANGOR
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township of Bangor, VanBuren County, Michigan is a general law Township. The Township operates under an elected Board/Supervisor form of government and provides the following services as authorized by its charter: public safety, highways and street, public improvements, cultural recreation, planning and zoning, and administrative services.

The accounting policies of the Township of Bangor conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

A. The Reporting Entity

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", these financial statements present the Township. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**TOWNSHIP OF BANGOR
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current period. All other revenue items are considered to be available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Road Fund and Fire Fund are Special Revenue Funds of the Township. The Road Fund and Fire Fund are used to account for the proceeds of specific revenue tax millages that are legally restricted to expenditures for specified purposes.

Additionally, the government reports the following non-major fund types:

The Building Inspection Fund is a Special Revenue Fund of the Township. The Building Inspection Fund is used to account for all resources of the Township's permits and licenses.

The Hospital and Senior Services Funds are Special Revenue Funds of the Township. These funds are used to account for the proceeds of specific tax millages that are used to support public health and welfare services.

The Permanent Cemetery Care fund accounts for principal of a savings bond, whose interest earnings are allowed to maintain and care for general gravesites.

**TOWNSHIP OF BANGOR
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule would be charges between the government's enterprise funds and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned. The Township of Bangor does not have enterprise funds.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Finally, the government reports the following fund types:

The Tax Collection Fund is a Fiduciary Fund accountable for assets held by the Township in a trustee or agency capacity for individuals, private organizations, other governments, and/or other funds.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments-Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables-In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each July for State Education Tax, and on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent in the following September and March of the respective period, at which time penalties and interest are assessed.

**TOWNSHIP OF BANGOR
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

Inventories and Prepaid Items-Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets-Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	30 to 40 years
Building Improvements	15 to 30 years
Roads	10 to 30 years
Fire Equipment	07 to 25 years
Vehicles	03 to 05 years
Office Equipment	05 to 07 years
Computer Equipment	03 to 07 years

Compensated Absences (Vacation and Sick Leave)-It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year-end.

Fund Equity-In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**TOWNSHIP OF BANGOR
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007**

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Government-wide financial statements differ from the Governmental fund financial statements only for the effect of the inclusion of capital assets.

Capitalized Asset Costs	\$ 277,267
Less Accumulated Depreciation	<u>(87,709)</u>
Capital Assets, net	189,558
Governmental Fund Balances	<u>737,414</u>
Net Assets of Governmental Activities	\$ <u>926,972</u>

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information-The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Formal budgetary integration is employed as a management control device during the year. These budgets are adopted on a basis consistent with generally accepted accounting principles.
2. The Township Board approves, by ordinance, total budget appropriations only. Any revisions that alter the total appropriations of any fund must be approved by the Township Board, therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis (General Government, Public Safety, etc.).
3. Unused appropriations for all of the above annually budgeted funds lapse at the end of the year.
4. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Excess of Expenditures Over Appropriations in Budgeted Funds-During the year, the Local Governmental Unit did not incur expenditures in budgeted funds which were in excess of the amounts appropriated.

Fund Deficits-The Local Governmental Unit has no accumulated fund balance deficits at this time.

**TOWNSHIP OF BANGOR
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007**

NOTE 4 - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government of federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Local Governmental Unit Board has designated several banks for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Local Governmental Unit's deposits and investment policy are in accordance with statutory authority.

At year-end, the Local Unit's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Total Government</u>
Cash and Cash Equivalents	\$ 678,459	\$ 678,459

The breakdown between deposits and investments is as follows:

	<u>Total Government</u>
Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 678,459
Investments in Securities, Mutual Funds and Similar Vehicles	-
Petty Cash and Cash on Hand	-
Total	<u>\$ 678,459</u>

The bank balance of the primary government's deposits is \$678,459, of which \$515,610 is covered by federal depository insurance.

**TOWNSHIP OF BANGOR
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007**

NOTE 5 - RECEIVABLES

Receivables as of year-end for the government's individual major, nonmajor funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are reported in the Government Wide Statement of Net Assets as follows:

	<u>General Fund</u>	<u>Major Funds Road Fund</u>	<u>Fire Fund</u>	<u>Non-Major and Other Funds</u>	<u>Total</u>
Taxes receivable	\$ 6,529	\$ 18,800	\$ 15,381	\$ 3,416	\$ 44,126
State share revenues receivable	25,741	0	0	0	25,741
Due from other funds	12,339	153,376	388	0	166,103
Less: allowance for uncollectibles	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Receivables	<u>\$ 44,609</u>	<u>\$ 172,176</u>	<u>15,769</u>	<u>\$ 3,416</u>	<u>\$ 235,970</u>

**TOWNSHIP OF BANGOR
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007**

NOTE 6 - CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 10,500	\$ 0	\$ 0	\$ 10,500
Construction in Progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	<u>10,500</u>	<u>0</u>	<u>0</u>	<u>10,500</u>
Capital Assets Being Depreciated				
Buildings	225,814	0	0	225,814
Improvements other than buildings	13,135	9,989	0	23,124
Machinery and equipment	15,998	1,831	0	17,829
Infrastructure	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	<u>254,947</u>	<u>11,820</u>	<u>0</u>	<u>266,767</u>
Less Accumulated Depreciation for				
Buildings	58,596	5,667	0	64,263
Improvements other than buildings	8,341	709	0	9,050
Machinery and equipment	<u>13,401</u>	<u>995</u>	<u>0</u>	<u>14,396</u>
Subtotal	<u>80,338</u>	<u>7,371</u>	<u>0</u>	<u>87,709</u>
Net Capital Assets Being Depreciated	<u>174,609</u>	<u>4,449</u>	<u>0</u>	<u>179,058</u>
Governmental Activities Capital Total				
Capital Assets-Net of Depreciation	<u>\$ 185,109</u>	<u>\$ 4,449</u>	<u>\$ 0</u>	<u>\$ 189,558</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
General government	<u>\$ 7,371</u>
Total Governmental Activities	<u>\$ 7,371</u>

**TOWNSHIP OF BANGOR
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007**

NOTE 7 - INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

The composition of interfund balances is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>		<u>Payable Fund</u>	<u>Amount</u>
General	\$ 12,339	Tax Collection	\$ 12,339
Road Special Millage	153,376	General	153,376
Fire Special Millage	388	General	388
Tax Collection	<u>14,167</u>	Road Fund	7,034
		Fire Fund	5,853
		Hospital Fund	742
		Senior Services Fund	538
Totals	<u>\$ 180,270</u>		<u>\$ 180,270</u>

Interfund Transfers

<u>Transfers In</u>	<u>Transfers (Out)</u>		
	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
Road Special Millage Fund	\$ 37,741	\$ 0	\$ 37,741
Fire Special Millage Fund	7,091	0	7,091
Non-Major Governmental Funds	<u>8,953</u>	<u>0</u>	<u>8,953</u>
Total	<u>\$ 53,785</u>	<u>\$ 0</u>	<u>\$ 53,785</u>

**TOWNSHIP OF BANGOR
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007**

NOTE 8 - A.B.B. JOINT FIRE DISTRICT

The Township is a member of the A.B.B. Joint Fire District. The participants of the Joint Fire District includes the City of Bangor, and Townships of Bangor and Arlington. The community fire district provides fire protection services to the residents of the respective municipalities. Operating charges are assessed to the participants in a ratio proportionate to their state equalized values of the real property. The Township appoints one member to the joint venture's governing board, and also approves the annual budget.

The Township's share of the 2006 A.B.B. fire contract was \$135,729, paid to the A.B.B. Joint Fire District as it is collected from the special revenue tax millage.

NOTE 9 - AMBULANCE AGREEMENT

The Coloma Emergency Ambulance Service Inc. and Bangor Township have been parties to a five year agreement since 1999. The renewed five year contract, at the same terms as the prior contract; reflect that the Coloma Ambulance Service will pay \$500 rental per month for use of the Township's ambulance building. In exchange, the Township shall receive ambulance service in the Township. A total of \$6,000 rental income was collected during the fiscal year 2006-2007.

REQUIRED SUPPLEMENTAL INFORMATION

TOWNSHIP OF BANGOR
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED MARCH 31, 2007

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
Beginning of Year Fund Balance	\$ 500,788	\$ 500,788	\$ 500,788	\$ 0
Resources (Inflows)				
Property taxes	60,000	60,000	66,881	6,881
State aid	176,400	176,400	170,992	(5,408)
Licenses and permits	3,000	3,000	2,264	(736)
Charges for services	5,000	5,000	3,869	(1,131)
Interest and rentals	19,500	19,500	31,189	11,689
Grant revenue for capital outlay	0	0	4,839	4,839
Miscellaneous revenues	500	500	307	(193)
Transfers from other funds	0	0	0	0
Amounts Available for Appropriation	765,188	765,188	781,129	15,941
Charges to Appropriations (Outflows)				
General Government				
Township board	21,433	21,433	18,047	3,386
Supervisor	12,230	12,230	10,828	1,402
Finance	5,290	6,038	5,960	78
Treasurer	17,820	17,820	15,303	2,517
Assessing	16,590	16,715	17,007	(292)
Clerk	12,820	12,820	12,590	230
Elections	6,300	6,300	3,543	2,757
Other General Government				
Building and grounds	15,435	15,435	11,900	3,535
Attorney	10,000	10,000	6,499	3,501
Cemetery	11,600	11,600	5,908	5,692
Public Safety				
Fire	0	0	0	0
Building inspections	0	0	0	0
Public Works				
Roads	5,000	5,000	300	4,700
Transfer station	40,000	40,000	31,822	8,178
Recreation and culture	19,100	19,100	3,000	16,100
Health and welfare	665	665	500	165
Community/Economic development	6,950	6,950	1,045	5,905
Capital outlay	15,750	15,875	11,820	4,055
Transfers to other funds	152,123	152,123	53,785	98,338
Total Charges to Appropriations	369,106	370,104	209,857	160,247
Budgetary Fund Balance-March 31	\$ 396,082	\$ 395,084	\$ 571,272	\$ 176,188

**TOWNSHIP OF BANGOR
BUDGETARY COMPARISON SCHEDULE
MAJOR ROAD FUND
YEAR ENDED MARCH 31, 2007**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Beginning of Year Fund Balance	\$ 184,544	\$ 184,544	\$ 184,544	\$ (0)
Resources (Inflows)				
Property taxes	170,700	170,700	165,532	\$ (5,168)
State aid	3,300	3,300	3,574	\$ 274
Transfers from other funds	<u>126,000</u>	<u>126,000</u>	<u>37,741</u>	<u>\$ (88,259)</u>
Amounts Available for Appropriation	<u>484,544</u>	<u>481,244</u>	<u>391,391</u>	<u>(89,853)</u>
Charges to Appropriation (Outflows)				
Public Works				
Roads	<u>300,000</u>	<u>300,000</u>	<u>226,249</u>	<u>73,751</u>
Total Charges to Appropriations	<u>300,000</u>	<u>300,000</u>	<u>226,249</u>	<u>73,751</u>
Budgetary Fund Balance-March 31	<u>\$ 184,544</u>	<u>\$ 181,244</u>	<u>\$ 165,142</u>	<u>\$ (16,102)</u>

**TOWNSHIP OF BANGOR
BUDGETARY COMPARISON SCHEDULE
MAJOR FIRE FUND
YEAR ENDED MARCH 31, 2007**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Beginning of Year Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0
Resources (Inflows)				
Taxes and penalties	134,800	134,800	135,729	929
Transfers from other funds	<u>13,900</u>	<u>13,900</u>	<u>7,091</u>	<u>(6,809)</u>
Amounts Available for Appropriation	<u>148,700</u>	<u>148,700</u>	<u>142,820</u>	<u>(5,880)</u>
Charges to Appropriations (Outflows)				
Public Safety				
Fire	<u>148,500</u>	<u>148,500</u>	<u>142,820</u>	<u>5,680</u>
Total Charges to Appropriations	<u>148,500</u>	<u>148,500</u>	<u>142,820</u>	<u>5,680</u>
Budgetary Fund Balance-March 31	<u>\$ 200</u>	<u>\$ 200</u>	<u>\$ 0</u>	<u>\$ (200)</u>

ADDITIONAL INFORMATION

TOWNSHIP OF BANGOR
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2007

	Special Revenue Funds				Total Non-Major Governmental Funds
	Permanent Cemetery Fund	Hospital	Building Inspection	Senior Services	
Assets					
Cash and cash equivalents	\$ 1,000	\$ 0	\$ 0	\$ 0	\$ 1,000
Investments	0	0	0	0	0
Receivables - net	0	1,980	0	1,436	3,416
Due from other funds	0	0	0	0	0
Total Assets	<u>\$ 1,000</u>	<u>\$ 1,980</u>	<u>\$ 0</u>	<u>\$ 1,436</u>	<u>\$ 4,416</u>
Liabilities and Fund Equity					
Liabilities					
Accounts payable	\$ 0	\$ 1,238	\$ 0	\$ 898	\$ 2,136
Due to other funds	0	742	0	538	1,280
Total Liabilities	0	1,980	0	1,436	3,416
Fund Balance					
Reserved	1,000	0	0	0	1,000
Unreserved	0	0	0	0	0
Total Fund Equity	<u>1,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,000</u>
Total Liabilities and Fund Equity	<u>\$ 1,000</u>	<u>\$ 1,980</u>	<u>\$ 0</u>	<u>\$ 1,436</u>	<u>\$ 4,416</u>

TOWNSHIP OF BANGOR
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2007

	Special Revenue Funds			Total Non-Major Governmental Funds
	Hospital	Building Inspection	Senior Services	
Revenues				
Taxes and penalties	\$ 17,528	\$ 0	\$ 12,709	\$ 30,237
Charges for services	0	11,235	0	11,235
Total Revenues	17,528	11,235	12,709	41,472
Expenditures				
Current				
Public safety	0	19,469	0	19,469
Health and welfare	18,247	0	12,709	30,956
Capital outlay	0	0	0	0
Total Expenditures	18,247	19,469	12,709	50,425
Excess of Revenues Over (Under) Expenditures	(719)	(8,234)	0	(8,953)
Other Financing Sources (Uses)				
Operating transfers in	719	8,234	0	8,953
Operating transfers (out)	0	0	0	0
Total Other Financing Sources (Uses)	719	8,234	0	8,953
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	0	0	0	0
Fund Balance-April 1, 2006	0	0	0	0
Fund Balance-March 31, 2007	\$ 0	\$ 0	\$ 0	\$ 0

ANGLE & STEFFES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Public Accountants (AICPA)

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August 10, 2007

In planning and performing the audit of the Financial Statements of the Township of Bangor for the year ended March 31, 2007, we considered the Township's internal control structure to determine audit procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of a few matters that are an opportunity to strengthen internal control and increase operating efficiency. We offer the following items for your consideration.

Uninsured Funds

As of the audit date, the Township had cash funds spread over a number of banks, taking advantage of secure savings accounts and certificates of deposits. These accounts totalled \$678,459, with \$162,849 over the federally insured level as of March 31, 2007. We recommend that no more than \$200,000 be maintained in any one bank, \$100,000 limit each in savings and demand accounts, to avoid risk of uninsured losses that may occur. We are aware that the Township officials are very diligent in monitoring the cash balances, realizing that the significant increase of interest earned weighs against the risks that may occur. Your continued diligence is appreciated.

General

In general the internal control systems of the Township are good and functioning properly. The comments noted above will help the Township strengthen the existing controls and will help provide greater accountability to residents of the Township.

We greatly appreciate the help and cooperation given us by all Township employees and officials.

Respectfully submitted,



Angle & Steffes, P.C.
Certified Public Accountants